

March 24, 2021

VIA ELECTRONIC MAIL

Luly E. Massaro, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

RE: Docket 5127 – 2021 Annual Retail Rate Filing
Revised PUC 3-1

Dear Ms. Massaro:

On behalf of The Narragansett Electric Company d/b/a National Grid (“National Grid” or the “Company”), enclosed¹, please find the Company’s revised response to PUC 3-1 in the above-referenced docket.

Thank you for your attention to this filing. If you have any questions, please contact me at 401-784-4263.

Sincerely,



Andrew S. Marcaccio

Enclosures

cc: Docket 5127 Service List
John Bell, Division
Al Mancini, Division
Leo Wold, Esq.

¹ Per Commission counsel’s update on October 2, 2020, concerning the COVID-19 emergency period, the Company is submitting an electronic version of this filing followed by five hard copies filed with the Clerk within 24 hours of the electronic filing.

PUC 3-1 - Revised

Request:

Referring to the response to PUC 1-37, which requested a calculation of Narragansett Electric's earned return on equity for its FERC-jurisdictional transmission business, please clarify whether the calculation of the ROEs shown in Attachment PUC 1-37 includes the costs and revenues associated with the Block Island transmission cable (BITS). If not, please explain why the Company in its response did not consider the transmission cable as FERC jurisdictional; then recalculate the ROEs for each of the given years, assuming that the BITS is a part of Narragansett Electric's FERC-jurisdictional transmission business.

Original Response:

The ROEs shown in Attachment PUC 1-37 include BITS costs and revenues allocated to the FERC-jurisdictional transmission business.

Revised Response:

The Company would like to correct one aspect of its prior response to PUC 3-1.

The calculation in Attachment PUC 1-37 did not include BITS costs and revenues for fiscal year (FY) 2017 and FY 2018. During FY 2017 and FY 2018, the Company excluded BITS impacts from the published ROE's for the FERC-jurisdictional transmission business. This was done to isolate the returns attributed to the FERC jurisdictional NECO transmission assets managed under the provisions of the Integrated Facilities Agreement, as they were a part of the underlying operations of the NECO transmission business.

Attachment PUC 3-1 includes a revised calculation of the ROEs inclusive of BITS revenues, costs, and impact on the rate base allocated to the FERC-jurisdictional transmission business for FY 2017 and FY 2018.

Narragansett Electric Transmission Return on Equity Calculations inclusive of BITS Data Provided for FY 2017 - FY2018
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Line #	NECO-T	
	FY2017*	FY2018*
1 Regulatory GAAP operating profit	76	81
2 <i>Service penalties</i>	-	-
3 <i>Unremunerated costs (political contributions etc)</i>	-	-
4 <i>Costs to achieve</i>	-	-
5 <i>Below the line items</i>	-	-
6 <i>COVID-19</i>	-	-
7 <i>Deferred Tax Add Back</i>	-	-
8 <i>Other</i>	(6)	(15)
9 <i>BITS OP add back</i>	3	9
10 <i>Adjustments to align with regulatory contracts, net</i>	(3)	(6)
11 Regulatory operating profit	73	75
12		
13 <i>Regulatory interest charge (see below)</i>	(15)	(17)
14 <i>Pre-tax profit</i>	58	58
15 <i>Regulatory tax charge</i>	(20)	(18)
16 <i>ADIT return (net)</i>		
17 <i>Other</i>		
18 Regulatory earnings	38	40
19		
20 <i>Rate base, start of year</i>	608	697
21 <i>Rate base, end of year</i>	697	718
22 <i>Simple average rate base</i>	653	708
23 <i>Adjustments</i>	(22)	(88)
24 <i>BITS Rate Base</i>	39	107
25 <i>Average rate base for RoE purposes</i>	670	726
26 <i>Adjudicated equity ratio</i>	50.0%	50.0%
27 <i>Average equity base</i>	335	363
28		
29 Return on equity	11.24%	10.96%
30 Group RoE contribution		
31		
32 <i>Average debt for RoE purposes</i>	335	363
33 <i>Long term debt rate</i>	4.50%	4.55%
34 <i>Regulatory interest charge</i>	(15)	(17)
35 <i>Regulatory tax rate</i>	35.00%	31.50%

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was electronically transmitted to the individuals listed below.

The paper copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.

Joanne M. Scanlon

March 25, 2021
Date

National Grid – 2021 Annual Retail Rate Filing - Docket No. 5127
Service List Updated 2/15/2021

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